

109TH CONGRESS
2D SESSION

H. R. 5075

To amend the Internal Revenue Code of 1986 to clarify the restriction
on disclosures and use of information by tax return preparers.

IN THE HOUSE OF REPRESENTATIVES

APRIL 4, 2006

Mr. STARK (for himself, Mr. McDERMOTT, Ms. BEAN, and Mr. INSLEE) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to clarify
the restriction on disclosures and use of information
by tax return preparers.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Taxpayer Privacy Act
5 of 2006”.

1 **SEC. 2. CLARIFICATION OF RESTRICTION ON DISCLOSURES**
2 **AND USE OF INFORMATION BY TAX RETURN**
3 **PREPARERS.**

4 (a) RESTRICTION ON FOREIGN USE AND DISCLO-
5 SURE.—Section 7216 of the Internal Revenue Code of
6 1986 (relating to disclosure or use of information by pre-
7 parers of returns) is amended by adding at the end the
8 following new subsection:

9 “(c) RESTRICTION ON FOREIGN USE AND DISCLO-
10 SURE.—

11 “(1) IN GENERAL.—Any disqualified foreign
12 use or disclosure by a tax return preparer shall be
13 treated as a violation of subsection (a).

14 “(2) DISQUALIFIED FOREIGN USE OR DISCLO-
15 SURE.—For purposes of this subsection—

16 “(A) IN GENERAL.—The term ‘disqualified
17 foreign use or disclosure’ means—

18 “(i) any use by the tax return pre-
19 parer (or any officer or employee of such
20 preparer) outside the United States of in-
21 formation described in subsection (a), and

22 “(ii) any disclosure by the tax return
23 preparer of information described in sub-
24 section (a) to any person (including any of-
25 ficer or employee of any person) who is lo-
26 cated outside the United States.

1 “(B) EXCEPTIONS.—Such term shall not
2 include any use or disclosure of information
3 if—

4 “(i) the taxpayer initially furnishes
5 such information to a tax return preparer
6 located outside the United States, or

7 “(ii) the taxpayer has significant busi-
8 ness activities outside the United States
9 and use or disclosure is appropriate given
10 such activities.

11 “(3) TAX RETURN PREPARER.—For purposes
12 of this subsection, the term ‘tax return preparer’
13 means any person who is engaged in the business of
14 preparing, or providing services in connection with
15 the preparation of, returns of the tax imposed by
16 chapter 1, or any person who for compensation pre-
17 pares any such return for any other person.

18 “(4) UNITED STATES.—For purposes of this
19 subsection, the term ‘United States’ includes any
20 territory or possession of the United States.”.

21 (b) PROHIBITION ON TAXPAYER CONSENT TO DIS-
22 CLOSURE OR USE OF INFORMATION.—Paragraph (3) of
23 section 7216(b) of such Code is amended to read as fol-
24 lows:

25 “(3) REGULATIONS.—

1 “(A) IN GENERAL.—Subsection (a) shall
2 not apply to a disclosure or use of information
3 which is permitted by regulations prescribed by
4 the Secretary under this section.

5 “(B) QUALITY OR PEER REVIEWS.—Such
6 regulations shall permit (subject to such condi-
7 tions as such regulations shall provide) the dis-
8 closure or use of information for quality or peer
9 reviews.

10 “(C) PROHIBITION ON DISCLOSURE AND
11 USE BASED ON TAXPAYER CONSENT.—

12 “(i) IN GENERAL.—Such regulations
13 may not permit the disclosure or use of
14 any information on the basis of the tax-
15 payer’s consent to such disclosure or use.

16 “(ii) EXCEPTIONS.—Clause (i) shall
17 not apply to any disclosure or use with re-
18 spect to tax administration, legal pro-
19 ceedings, related parties or fiduciaries of
20 the taxpayer, the performance of account-
21 ing or legal services (other than the solici-
22 tation therefor), and other similar pur-
23 poses.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to disclosures and uses after the
3 date of the enactment of this Act.

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